

DEFERRED COMPENSATION ADVISORY COMMITTEE
REGULAR MEETING
MINUTES
December 15, 2011

For information about this meeting, contact the Deferred Compensation Plan Office at (408) 975-1465 or email DeferredCompensation@sanjoseca.gov

Chair Peter Jensen called the Deferred Compensation Advisory Committee meeting to order at 9:08 a.m. on Thursday, December 15, 2011, City Hall, Council Chambers.

Roll Call

Peter Jensen, Chair	City Manager's Representative
Franco Vado, Vice Chair	Police Representative
Pascal Roubineau	Employee's Representative
Daniel Earl	Employees' Representative
Sean Kaldor	Firefighter Representative

Excused Absence

Julia Cooper	City Manager's Representative
Donna Busse	Management Employees' Representative

Also Present

Jeanne Groen	Human Resources, Benefits Manager
Kelly Wright	Human Resources, Deferred Compensation Staff
Debbi Bohnet-Nuttall	Human Resources, Deferred Compensation Staff
Belinda Silvatici	Finance Staff
Adora Gailo	Finance Staff
Jonathan Slinger	Buck Consultants
Don Eibsen	Buck Consultants
Gary Bozin	ING
Bishop Bastien	ING
Shane Patrick Connolly	Councilmember Pete Constant's Office
Ben Lau	Macias, Gini & O'Connell, LLP

APPROVAL OF MINUTES

1. **M.S.C.** (Sean Kaldor/Franco Vado) to approve the minutes for the Deferred Compensation Advisory Committee Regular meeting on October 27, 2011.

DISCUSSION/ACTION ITEMS

NOTE: If you have any questions or concerns, please contact Kelly Wright at (408) 975-1434.

2. Accept Fiscal Year 2010-2011 Independent Auditor's Report on the financial statements of the 457 and the PTC Deferred Compensation Plans

Ben Lau, Macias, Gini & O'Connell, LLP, provided the report.

M.S.C. (Sean Kaldor/Franco Vado) to accept Fiscal Year 2010-2011 Independent Auditor's Report on the financial statements of the 457 and the PTC Deferred Compensation Plans.

3. Accept report and approve Deferred Compensation Plans First Quarter Financials for FY 2011-12
Belinda Silvatici, Finance Department, provided the report.

M.S.C. (Sean Kaldor/Franco Vado) to accept the report and approve Deferred Compensation Plans First Quarter Financials for FY 2011-12.

4. Accept report and authorize the Committee Chair to:

- a. Execute an agreement with ING for investment and administrative services for the City's Deferred Compensation Plans to be effective January 1, 2012 through September 30, 2012, and with the option to renew the term of the Agreement in five (5) one-year increments not to exceed a total of sixty-nine (69) months, at a guaranteed bundled fee cost of 0.08% (8 basis points) of plan assets when ING's Stable Value Fund option is offered to participants and an unbundled fee cost of 0.09% (9 basis points) of plan assets when ING's Stable Value Fund option is not offered to participants.
- b. Execute fiscal year options to the agreement and extend the terms, subject to DCAC's approval of the budget appropriation each fiscal year.

Jeanne Groen, Benefits Manager, provided the report.

M.S.C. (Sean Kaldor/Daniel Earl) to accept report and authorize the Committee Chair to:

- Execute an agreement with ING for investment and administrative services for the City's Deferred Compensation Plans to be effective January 1, 2012 through September 30, 2012, and with the option to renew the term of the Agreement in five (5) one-year increments not to exceed a total of sixty-nine (69) months, at a guaranteed bundled fee cost of 0.08% (8 basis points) of plan assets when ING's Stable Value Fund option is offered to participants and an unbundled fee cost of 0.09% (9 basis points) of plan assets when ING's Stable Value Fund option is not offered to participants.
- Execute fiscal year options to the agreement and extend the terms, subject to DCAC's approval of the budget appropriation each fiscal year.

5. Review and set the Stable Value Fund crediting rate for the period of January 1, 2012 through March 31, 2012 and provide direction to staff if necessary

Jeanne Groen, Benefits Manager, provided the report.

M.S.C. (Sean Kaldor/Franco Vado) to:

- a. Set the Stable Value crediting rate to 2.00% for the quarter January 1, 2012 through March 31, 2012;
- b. Apply discretionary rate management at the quarterly DCAC regular meetings in March, June, September and December; and
- c. If there is no direction as to a discretionary rate, then the rate used in the Stabilizer Contract will be applied.

NOTE: If you have any questions or concerns, please contact Kelly Wright at (408) 975-1434.



Note: M.S.C. for Item #5 was made after M.S.C. for Item #8.

6. Discuss the recommendation regarding the analysis of the ING VP Money Market Portfolio Fund and provide direction to staff

Jon Slinger, Buck Consultants, provided the report.

M.S.C. (Pascal Roubineau/Sean Kaldor) to accept report and the recommendation to replace the plan's current money market offering (ING Money Market Portfolio I) with Vanguard Prime Money Market Institutional.

7. Review, discuss and accept report regarding potential topics for the annual DCAC Retreat and provide direction to staff if necessary

Kelly Wright, Deferred Compensation Staff, provided the report.

Committee members expressed interest to include retreat topics that focus on identifying challenges and opportunities for the City's Deferred Compensation Plans, as well as information regarding how the City's workforce is changing.

M.S.C. (Sean Kaldor/Franco Vado) to accept the report.

8. Review, discuss and approve staff recommendation for changes to the frequency and organization of Deferred Compensation Advisory Committee meetings and provide direction to staff if necessary

Jeanne Groen, Benefits Manager, provided the report.

Committee members raised the following concerns:

- a. Having sufficient notice to review the proposed meeting agenda if the DCAC Regular meetings are changed from bi-monthly to quarterly.
- b. Quarterly reports should be posted when they become available.
- c. Having sufficient time to address time sensitive issues such as appeals.
 - Clarification was provided that time sensitive matters would be handled in a special meeting.
- d. Ensuring that clear direction needs to be provided regarding follow-up actions
- e. Committee member attendance policies
 - Clarification was provided that the Committee's Rules of Order would be updated to reflect attendance requirements.

M.S.C. (Franco Vado/Sean Kaldor) to approve the recommendation for changing the frequency of the Deferred Compensation Advisory Committee meetings to quarterly effective June 2012.

INFORMATIONAL ITEMS

9. Staff report

Jeanne Groen, Benefits Manager, provided the following updates:

- Retirement planning information was provided in the November 18 payroll flyer distribution, which included information to employees regarding leave payout deferral.

NOTE: If you have any questions or concerns, please contact Kelly Wright at (408) 975-1434.



- The 2012 Brown Bag Schedule has been finalized and is scheduled to be distributed in the December 16 payroll flyer distribution. The schedule includes educational seminars January 2012 through April 2012.
- At the October 27 DCAC regular meeting, the Committee directed staff to provide an updated matrix of public meeting requirements and a recommendation on the Committee's Rules of Order regarding the Brown Act and Sunshine Rules. Clarification was provided that the Rules of Order are up to date and comply with Sunshine Rules. Additionally, the matrix of public meeting requirements cannot be changed as this is a part of a resolution from Council.
- Staff plans to provide the Committee with an update on the Roth 457 feature at the February 23, 2012 DCAC regular meeting. The estimated associated costs for utilizing outside legal counsel to assist with the ordinance that will be required for this optional plan feature is approximately \$3,500 to \$7,000.

Note: Franco Vado left at 10:59 a.m.

10. Verbal update on ING Service Provider
Gary Bozin, ING, provided the update.

11. Verbal update on ING portfolio review for the quarter ending September 30, 2011
Gary Bozin, ING, provided the update.

12. Review ING Service Logs and Loan Activity Reports for September 2011 and October 2011
Gary Bozin, ING, provided the reports.

13. Updates on October, 2011 and November, 2011 Fund Performance Summaries
Gary Bozin, ING, provided the summaries.

14. Report on Legislative, Market and Consultant Activity
No report.

NEXT MEETING

18. Next Regular Committee Meeting: Thursday, February 23, 2012, City Hall, W-120, at 9:00 a.m.

OPEN FORUM

19. There was no public comment.

UNFORESEEABLE EMERGENCY WITHDRAWAL APPEALS

20. None.

ADJOURNMENT

21. **M.S.C.** (Pascal Roubineau/Sean Kaldor) to adjourn at 11:16 a.m.



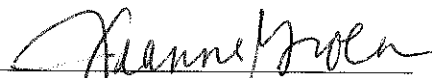
Committee Chair

Deferred Compensation Advisory Committee

NOTE: If you have any questions or concerns, please contact Kelly Wright at (408) 975-1434.

200 East Santa Clara Street San José, CA 95113 tel (408) 975-1465 fax (408) 999-0889 www.sanjoseca.gov

ATTEST:



Jeanne Groen, Benefits Manager
Committee Secretary's Designee

NOTE: M.S.C. MEANS MOTION SECONDED AND CARRIED, UNLESS OTHERWISE INDICATED, MOTION PASSED UNANIMOUSLY.

NOTE: If you have any questions or concerns, please contact Kelly Wright at (408) 975-1434.

200 East Santa Clara Street San José, CA 95113 tel (408) 975-1465 fax (408) 999-0889 www.sanjoseca.gov

